

Message Text

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ORIGIN SNM-02

INFO OCT-01 ISO-00 EA-06 /009 R

DRAFTED BY S/NM: D A SOHLIN:CH
APPROVED BY S/NM: J H LINNEMANN
EA/TIMBS: D FIELDS(DRAFT)
S/NM: H COBURN(DRAFT)
-----074124 221422Z /46

O 221400Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY BANGKOK IMMEDIATE
AMEMBASSY RANGOON IMMEDIATE
AMEMBASSY MANILA IMMEDIATE

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LIMDIS -- BANGKOK FOR R.GIBSON, S/NM ;

E.O. 11652: N/A

TAGS: SNAR

SUBJECT: ONTRAC III PROCUREMENT
MANILA FOR A BJORLYKKE, USAID
REF: A) RANGOON 3044; B) STATE 208166; C) MANILA 12353;
D) PARA 3, STATE 184011; E) LETTER DATED JULY 21, BJORLYKKE
TO HELI-ORIENT; F) RANGOON 2658; G) RANGOON 2695

1. DEPARTMENT FAILS TO UNDERSTAND RANGOON INQUIRY, REF A,
REGARDING THE ONTRAC III DELIVERIES. THE SERIES OF EVENTS
LEADING TO THE DEPARTMENT'S POSITION IN REF B, I.E., NO
MORE ONTRAC PROCUREMENT UNTIL EVALUATION, IS CLEARLY DOCU-
MENTED.

2. REF C REPORTED TO THE DEPARTMENT FOR THE FIRST TIME THE
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ONTRAC III PROCUREMENT WHICH THE DEPARTMENT CONSIDERS AS
UNAUTHORIZED PROCUREMENT. REF C WAS ALSO THE FIRST INDI-
CATION THAT BAF ORDERS TO BOTH E SYSTEMS AND HELI-ORIENT
EXCEEDED CONTRACT AMOUNTS. BY REF D, THE DEPARTMENT
INSTRUCTED, THAT AMONG OTHER ITEMS, FURTHER ONTRAC III
PROCUREMENT BE HELD IN ABEYANCE PENDING JUSTIFICATION BY
EMBASSY RANGOON, DEPARTMENT REVIEW AND FINAL DECISION.

THIS POSITION WAS PASSED ON BY CONTRACTING OFFICER BJORLYKKE TO TAMMEKAND OF HELI-ORIENT WHO WAS THEN IN MANILA. IN DISCUSSIONS WITH TAMMEKAND, HE AGREED TO SUSPEND PROCUREMENT ON THE BALANCE OF THE ORIGINAL ORDER OF 36, NOTING THAT THE FIRST 15 UNITS WERE ALREADY PAID FOR AND SHIPPED. BJORLYKKE CONFIRMED THIS UNDERSTANDING IN REF E IN WHICH HE SAID QUOTE AS DISCUSSED TODAY, THE ESTIMATED DOLLAR AMOUNT OF ORDERS UNDER THIS SUBJECT CONTRACT EXCEEDS THE FUNDS AVAILABLE. ACCORDINGLY YOU ARE REQUESTED TO DEFER FURTHER DELIVERIES OF ONTRAC III NAVIGATION SYSTEMS. END QUOTE. REF F REPORTED ON SOHLIN'S BRIEFING OF BAF OFFICIALS IN WHICH THE BURMESE WERE INFORMED THAT THE BALANCE OF ONTRAC III PROCUREMENT WAS SUBJECT TO FURTHER REVIEW IN WASHINGTON. THE DEPARTMENT DOES NOT CONSIDER REF G AS ADEQUATE JUSTIFICATION FOR THE PROCUREMENT AND THIS DETERMINATION LEAD TO THE DISPATCH OF REF B.

3. SHOULD THERE BE ANY REMAINING DOUBT AS TO THE DEPARTMENT'S POSITION, WE ARE INSTRUCTING THAT IN ACCORDANCE WITH UNDERSTANDINGS WITH HELI-ORIENT, THERE ARE TO BE NO FURTHER SHIPMENTS, DELIVERIES OR PAYMENTS FOR ANY ONTRAC III UNITS BEYOND THE FIRST 15 UNTIL SUCH TIME AS THE DEPARTMENT IS SATISFIED THAT THE SYSTEMS ARE NOT ONLY SUITABLE BUT ESSENTIAL TO THE PROGRAM.

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4. FOR BJORLYKKE: PLEASE ADVISE IF THERE WILL LIKELY BE ANY LIABILITY ACCRUING TO THE USG FOR THE BALANCE OF THE ONTRAC III UNITS IF IT IS FINALLY DETERMINED NOT TO REINSTATE THE ORDER FOR THE 21 UNITS. IT IS THE UNDERSTANDING HERE FROM YOUR CONVERSATION WITH SOHLIN IN BANGKOK THAT HELI-ORIENT COULD ACCOMMODATE THE SITUATION IF THE ORDER FOR 21 UNITS WERE NOT REINSTATED. REQUEST YOUR CONFIRMATION.

5. FOR RANGOON: REQUEST ANY COMMENTS OR EXPLANATION THAT MAY BE USEFUL TO US HERE TO UNDERSTAND REF A IN LIGHT OF THE EVENTS OUTLINED IN PARA 2 ABOVE.

6. REQUEST THAT RUDY HALL PROCEED TO DEPARTMENT FOR 3 DAYS CONSULTATION ASAP. CITE APPROPRIATION 19-1181022.1, ALLOTMENT 2071, OBLIGATION 810148. CHRISTOPHER

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